

## **CHAPTER 6-09.11**

### **FINANCIAL ASSISTANCE FOR FAMILY FARMERS**

**6-09.11-01. Definitions.** In this chapter, unless the context or subject matter otherwise requires:

1. "Family farm" means agricultural real estate operated and owned or leased by a farmer, or other organization authorized to own or lease land used for farming or ranching under chapter 10-06.1, where the majority of the labor necessary to operate the farm is performed by the farmer and the farmer's family, if any.
2. "Farmer" means a resident of North Dakota whose principal occupation is or will be the production of an agricultural commodity or livestock on a family farm if granted a loan.

**6-09.11-02. Industrial commission - Powers and duties - Bonds.** Except as provided in this chapter, the industrial commission may exercise the powers and perform the duties set forth in chapter 4-36 to the extent necessary to administer this chapter. The commission may issue bonds under chapter 4-36 as is necessary to provide sufficient funds to make loans to lenders for the purposes of this chapter.

#### **6-09.11-03. Loans - Participation by the Bank of North Dakota.**

1. The Bank of North Dakota may make available an appropriate amount of funds to purchase participation interests in loans made by financial institutions for the purposes as set forth in section 6-09.11-04. Interest charged on a participation interest purchased by the Bank under this section may not be greater than one percent less than the Bank's base rate as in effect from time to time, and may float. However, the interest rate may not exceed eleven percent during the course of the loan. The Bank may charge for necessary and reasonable fees as determined by the industrial commission.
2. The amount of a participation interest purchased by the Bank under this section may not be greater than the lesser of two hundred fifty thousand dollars or ninety percent of the loan amount.

**6-09.11-04. Loans to farmers - Purposes.** The following purposes are eligible to be funded by bond proceeds or loan participations under this chapter:

1. Purchasing agricultural real estate.
2. Constructing, repairing, altering, or adding to any farm buildings on agricultural real estate owned or purchased by the farmer.
3. Making permanent improvements to agricultural real estate owned or purchased by the farmer for the purpose of increasing the productive value of the land or promoting conservation of the soil.
4. Purchasing farm equipment.
5. Purchasing livestock.
6. Paying off and discharging mortgages, encumbrances, and other charges or liens against or on the agricultural real or personal property owned or purchased by the farmer.
7. Purchasing the farmer's home-quarter pursuant to chapter 6-09.10.

8. Restructuring operating debt carryover.

**6-09.11-05. Loan applications.** An applicant for a loan must meet all of the following qualifications:

1. The applicant is at least eighteen years of age.
2. The applicant is a farmer.
3. The applicant has had the farming experience and training necessary to enable the applicant to operate a family farm and to make proper use of the proceeds of the loan.
4. The net worth of the applicant does not exceed three hundred thousand dollars.

**6-09.11-06. Loan restrictions.**

1. A loan under this chapter may not be greater than the lesser of one hundred fifty thousand dollars or ninety percent of the appraised value of the security given for the loan, with the actual percentage to be determined by the Bank of North Dakota. The Bank may do all things and acts, may require such security, and may establish additional terms and conditions as is determined necessary to purchase a participation interest in a loan under this chapter.
2. Except as otherwise provided:
  - a. A loan under this chapter must be repayable in installments and may have a term up to twenty years.
  - b. All or part of a loan under this chapter may be repaid at any time, subject to conditions set forth in the mortgage.

**6-09.11-07. Insurance requirements.** The Bank of North Dakota and the originating financial institution shall determine whether a borrower must obtain insurance on property pledged as security for a loan under this chapter.

**6-09.11-08. Records.** Every borrower shall keep records showing the financial condition of the borrower's family farm.

**6-09.11-09. Postponement of repayment of principal.** If the income of a borrower is reduced in any year due to causes beyond the borrower's control to the extent that the borrower is unable to make a payment on a loan under this chapter, the Bank of North Dakota and the originating lender may defer the payment of the principal sum due in that year and the term of the loan may be extended for the period of deferment.

**6-09.11-10. Credit review board.** Applicants for home-quarter purchases pursuant to chapter 6-09.10 shall initially apply to the credit review board and the credit review board shall make recommendations regarding eligibility of the applicant and the feasibility of the loan application.

**6-09.11-11. Rules.** The industrial commission may adopt such rules and guidelines as are necessary to implement sections 6-09.11-01 through 6-09.11-09.